



## GRAINS AUSTRALIA LIMITED

ABN 14 637 983 487

# AUDIT & RISK COMMITTEE CHARTER

---

## Purpose

This Charter sets out the role, responsibilities, structure and processes of the Audit and Risk Committee ('Committee'), established by the Board of Directors of Grains Australia Limited ('Grains Australia') on 7 December 2022.

## Role

The role of the Committee is to review and make recommendations to the Board on matters relating to:

- a) External financial reporting and controls;
- b) Risk management framework;
- c) System of internal controls;
- d) External audit;
- e) Statutory reporting;
- f) Funds management; and
- g) Governance framework?

## Responsibilities

The Committee is established as an advisory body to the Board and does not have delegated authority to make decisions unless specifically delegated by the Board from time to time. The Committee has the responsibility to:

- a) meet at least three times per year and otherwise as required to perform its functions;
- b) report on its deliberations to the next Board meeting.

## Specific Functions

The areas on which the Committee will provide advice and assurance to the Board include, but are not necessarily limited to, the following:

- a) *External financial reporting and controls*  
The Committee will review the appropriateness of Grains Australia's:
  - i) annual financial statements and related matters;
  - ii) Key accounting policies and treatments
  - iii) Disclosures in the financial statements
  
- b) *Annual Budget, Forecasting and Board Financial Reporting*
  - i) The Committee will review the appropriateness of:
    - The company's budgeting and forecasting process
    - Board financial reporting

- ii) The Committee will review, prior to submission to the board for approval, the annual budget.

*c) Risk management*

The Committee will review the appropriateness of Grains Australia's:

- i) risk management framework for effective identification and management of the entity's risks;
- ii) risk appetite;
- iii) adequacy of insurance arrangements;
- iv) Grains Australia's fraud control arrangements including whether Grains Australia has appropriate processes and systems in place to prevent, detect, capture, report and effectively respond to fraud risks and incidents; and
- v) establishment, implementation of business continuity planning arrangements.

*d) Internal controls*

The Committee will review the appropriateness of Grains Australia's approach to maintaining an effective internal control framework, including:

- i) an effective financial control framework (including record keeping)
- ii) controls in relation to functions performed by external parties such as contractors and consultants;
- iii) management policies and procedures, the management and exercise of delegations and authorisations and that these are periodically reviewed and updated;
- iv) policies and associated procedures to support an effective cybersecurity framework
- v) compliance by officials with relevant laws and policies and the mechanisms for the Board to be informed of any significant issues within the entity;

*e) Grains Australia compliance with statutory obligations*

The Committee will:

- i) review the effectiveness of management systems for monitoring Grains Australia's compliance with laws and regulations; and
- ii) determine whether the Executive has appropriately considered legal and compliance risks as part of the risk management framework and planning.

*f) Annual Audit*

The Committee will:

- i) review the Management Representation Letters to the auditor and the Statement of Directors (included in the financial statements) to ensure that the information provided is complete and appropriate;
- ii) discuss the scope and results of the annual external audit and any other matters required to be communicated in-camera with external auditors;
- iii) discuss the overall scope of the external audit with the Executive, including identified risk areas and any additional proposed control procedures;
- iv) monitor the Executive's response and implementation of audit recommendations;
- v) review with the external auditor any audit problems or difficulties and the Executive's response;

- vi) Ensure there are adequate internal audit resources, or budget, to carry out its responsibilities, including completion of an approved internal audit work plan; and
- vii) internal audit reports and provide advice to the Board on significant issues identified in audit reports and recommend action on significant issues raised, including identification and dissemination of good practice. and
- viii) meet separately periodically with the Executive and the external auditors to discuss issues and concerns that warrant attention.

### **Membership**

- a) The Committee members are appointed by the Board for a term of one year or as determined by the Board.
- b) The Committee will comprise at least three (3) members, all of whom shall be non-executive Directors of the Board.
- c) The Committee Chair is appointed by the Board from the Committee members.
- d) The Committee Chair must have leadership experience and a strong finance, accounting and/or business background.
- e) Each Committee member must have appropriate qualifications, knowledge, skills or experience to assist the Committee to perform its functions.
- f) Committee members must not have any relationship with Grains Australia that may interfere with the exercise of independent judgment.
- g) Committee members must develop and maintain a good understanding of Grains Australia's functions, objectives, key risks and operating context.
- h) Committee member rotation is encouraged. Wherever possible, the Board also ensures that changes in Committee membership are staggered to maintain continuity.
- i) The following persons are not eligible to be Committee members:
  - i) The Board Chair;
  - ii) The Managing Director; or
  - iii) The Chief Financial Officer.
- j) The officeholders referred to above may attend Committee meetings as observers. Other members of management will attend meetings when requested by the Committee Chair to participate in agenda items. Directors who are not members of the Committee may also attend meetings as observers.

### **Administrative arrangements**

- a) Secretariat for the Committee will be managed by the Company Secretary.
- b) Meetings can be held either in person, by video conference or by telephone.
- c) The Board or a member of the Committee may call a meeting at any time.
- d) The Committee will develop a forward meeting schedule that includes the dates, location and proposed agenda items for each meeting for the forthcoming year.
- e) Should the Committee Chair be absent from a meeting, the Committee members present must appoint a Chair for that particular meeting.
- f) A notice of each meeting, with relevant supporting agenda papers, confirming the date, time and venue is to be forwarded to each Committee member at least 5 working days before each meeting.
- g) The proceedings of all meetings will be minuted.
- h) A copy of the confirmed minutes of Committee meetings will be available to Board members.

- i) A quorum for any meeting will be the greater of two Committee members or the majority of the Committee.

**Education**

Grains Australia will assist the Committee in maintaining skills commensurate to their role as a committee member. This includes providing new members with an appropriate induction program and educational opportunities, and the full Committee with related educational resources such as accounting principles and procedures, current accounting, financial management, risk management and IT issues pertinent to the company, and other resources, as reasonable requested by the Committee.

**Remuneration**

Committee members may be reimbursed for travel and committee-related expenses. Payment rates for time/services are agreed by the Board annually or following overall Board remuneration pool allowance provided by the Grain Research & Development Corporation.

**Conflict(s) of Interest**

Committee members should adhere to Grains Australia’s code of values and ethics as outlined in Grains Australia’s *Code of Conduct* and Grains Australia’s *Board Charter*. It is the responsibility of the Committee members to disclose any conflict of interest or appearance of a conflict of interest to the Committee. If there are any questions as to whether Committee member(s) should recuse themselves from a vote, the Committee should vote to determine whether the member should recuse himself or herself.

**Review of Committee Performance**

The Committee shall evaluate its own performance at least annually to determine whether it is functioning effectively by reference to this Charter and report these findings to the Board. This may include input from Board members, Committee members, management, internal and external auditors and any other relevant stakeholders. Performance review may also be included in the annual Board review.

The Committee shall review the Charter annually and obtain the approval of the Board for any revisions.

<b>Version Number</b>	<b>Issue Date</b>	<b>Review frequency</b>	<b>Nature of Amendment</b>	<b>Date of review</b>
ARC Charter v 1.0	16 Feb 2023	Annually or as required	New Charter	16 Feb 2024
ARC Charter v 1.1	12 Mar 2024	Annually or as required	Annual review	March 2025
ARC Charter v 1.2	17 Feb 2025	Annually or as required	Annual review	Feb 2026